
ENGROSSED SUBSTITUTE SENATE BILL 5012

State of Washington 58th Legislature 2003 Regular Session

By Senate Committee on Education (originally sponsored by Senators Johnson, Finkbeiner, Esser and Oke)

READ FIRST TIME 02/04/03.

- AN ACT Relating to charter schools; amending RCW 41.59.080; adding
- 2 a new section to chapter 41.56 RCW; adding a new section to chapter
- 3 41.59 RCW; adding a new chapter to Title 28A RCW; and providing
- 4 contingent effective dates.
- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 <u>NEW SECTION.</u> **Sec. 1.** INTENT. The legislature intends to
- 7 authorize the establishment of charter schools for the purpose of
- 8 providing more, high quality public school choices for families,
- 9 students, and teachers. High quality public school choices are those
- 10 proven and promising learning environments that are likely to result in
- 11 improved student achievement.
- 12 <u>NEW SECTION.</u> **Sec. 2.** DEFINITIONS. Unless the context clearly
- 13 requires otherwise, the definitions in this section apply throughout
- 14 this chapter.
- 15 (1) "Applicant" means a nonprofit corporation that has submitted an
- 16 application to a sponsor to obtain approval to operate a charter

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school. The nonprofit corporation must either be a public benefit nonprofit corporation as defined in RCW 24.03.490, or a nonprofit corporation as defined in RCW 24.03.005 that has applied for tax-exempt status under section 501(c)(3) of the internal revenue code of 1986 (26 U.S.C. Sec. 501(c)(3)). The nonprofit corporation may not be a sectarian or religious organization and must meet all of the

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9 (2) "Charter" means a contract between an applicant and a sponsor.
10 The charter establishes, in accordance with this chapter, the terms and
11 conditions for the management, operation, and educational program of
12 the charter school.

receiving any funding under section 12 of this act.

requirements for a public benefit nonprofit corporation before

- 13 (3) "Charter school" means a public school managed by an 14 applicant's board of directors and operating independently of any 15 school district board under a charter approved in accordance with this 16 chapter.
- 17 (4) "Board of directors" means the board of directors of the public 18 benefit nonprofit corporation that manages and operates the charter 19 school.
 - (5) "Sponsor" means: (a) The school district in which the charter school is located; (b) the state and regional universities as defined in RCW 28B.10.016; or (c) The Evergreen State College. Charter schools sponsored under (b) or (c) of this subsection shall be approved by the governing board of the sponsoring institution or by an official or agency designated by and accountable to the governing board.
 - NEW SECTION. Sec. 3. CHARTER SCHOOLS--POWERS. (1) The charter school's board of directors may hire, manage, and discharge any charter school employee in accordance with the terms of this chapter and that school's charter.
 - (2) The charter school's board of directors may enter into a contract with any school district, or any other public or private entity, also empowered to enter into contracts, for any and all real property, equipment, goods, supplies, and services, including educational instructional services.
 - (3) Charter schools may rent, lease, or own property, but may not acquire property by eminent domain. All charters and charter school contracts with other public and private entities must include

provisions regarding the disposition of the property if the charter school fails to open as planned, closes, or the charter is revoked or not renewed. Charter schools may accept gifts and donations from other governmental and private entities, excluding sectarian or religious organizations. Charter schools may not accept any gifts or donations the conditions of which violate this chapter.

- (4) Neither a charter school sponsor nor the school district in which the charter school is located is liable for acts or omissions of a charter school, including acts or omissions related to the application, the charter, the operation, and the performance of the charter school.
- (5) Charter schools may not charge tuition, levy taxes, or issue bonds, however they may charge fees for optional noncredit extracurricular events.
- (6) Charter schools may issue secured and unsecured debt to manage cash flow, improve operations, or finance the acquisition of real property or equipment. Such an issuance does not constitute an obligation, either general, special, or moral of the state, the charter school sponsor, the school district in which the charter school is located or any other political subdivision or agency of the state. Neither the full faith and credit nor the taxing power of the state, the charter school sponsor, the school district in which the charter school is located, or any other political subdivision or agency of the state may be pledged for the payment of such debt.
- NEW SECTION. Sec. 4. LEGAL STATUS. A charter school is a public school including one or more of grades kindergarten through twelve, operated by a public benefit nonprofit corporation, according to the terms of a renewable five-year contract granted by a sponsor.
- NEW SECTION. Sec. 5. CHARTER SCHOOLS--EXEMPTIONS. (1) A charter school shall operate independently of any school district board, under a charter approved by a sponsor under this chapter.
- 32 (2) Charter schools are exempt from all state statutes and rules 33 applicable to school districts and school district boards of directors 34 except as provided in this chapter and in the school's approved 35 charter.

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- 1 (3) A charter school's board of directors may elect to comply with 2 one or more provisions of the statutes or rules that are applicable to 3 school districts and school district board of directors.
 - (4) All approved charter schools shall:

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- 5 (a) Comply with state and federal health, safety, parents' rights, 6 and civil rights laws, including chapter 28A.640 RCW (sexual equality) 7 and Title IX of the education amendments of 1972 (20 U.S.C. Sec. 1681 8 et seq.) applicable to school districts;
 - (b) Participate in nationally normed standardized achievement tests as required in RCW 28A.230.190, 28A.230.193, and 28A.230.230 and the elementary, middle school, and high school standards and assessment examinations as required in RCW 28A.655.060;
- 13 (c) Employ certificated instructional staff as required in RCW 28A.410.010, however charter schools may hire noncertificated instructional staff of unusual competence and in exceptional cases as specified in RCW 28A.150.260;
- 17 (d) Comply with the employee record check requirements in RCW 28A.400.303;
- 19 (e) Be subject to the same financial and audit requirements as a 20 school district;
- 21 (f) Comply with the annual performance report under RCW 22 28A.655.110;
- 23 (g) Follow the performance improvement goals and requirements 24 adopted by the academic achievement and accountability commission by 25 rule under RCW 28A.655.030;
 - (h) Report at least annually to its sponsor, the school district in which the charter school is located, and to parents of children enrolled at the charter school on progress toward the student performance goals specified in the charter; and
- 30 (i) Comply with the open public meetings act in chapter 42.30 RCW 31 and open public records requirements in RCW 42.17.250.
- NEW SECTION. Sec. 6. ADMISSION REQUIREMENTS. (1) A charter school must enroll all students who submit a timely application. If capacity is insufficient to enroll all students who submit a timely application, the charter school must give enrollment priority to students who reside within the school district boundaries in which the charter school is physically located. Priority also must be given to

- siblings of students who are currently enrolled in the school. Students must be selected through an equitable selection process, such as a lottery, to fill any remaining spaces. Schools that convert to charter schools must also give priority to the students who are
- 6 (2) A charter school may not limit admission based on race, 7 religion, ethnicity, national origin, gender, income level, 8 intellectual ability, disabling condition, proficiency in the English 9 language, or athletic ability. A charter school may limit admission to
- 10 students within a given age group or grade level.

currently enrolled in school.

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- 11 NEW SECTION. Sec. 7. CHARTER APPLICATION--CHARTERING PROCESS.
- 12 (1) An applicant may apply to a sponsor to establish a charter school as provided in this section.
- 14 (2) An application for a charter school may be submitted to any 15 qualified sponsor.
 - (3) The school district board of directors must elect whether to hold a public hearing in the school district on the application within twenty days of receipt of the application. If the school board is going to accept the application, a public hearing must be held before the granting of a charter. The school board must either accept or reject the application within sixty days after the receipt of the application. The sixty-day deadline for acceptance or rejection of the charter school application may be extended for an additional thirty days if both parties agree in writing.
 - (4) If the school board elects not to hold a hearing or rejects the application, the school board must notify the applicant in writing of the reasons for that decision. The applicant may submit a revised application for the school board's reconsideration. The school board may provide assistance to improve the application. If the school board rejects the application after submission of a revised application, the school board must notify the applicant in writing of the reasons for the rejection.
 - (5) Sponsors other than school districts must comply with the procedures in subsections (1) through (4) of this section for consideration of the charter application. A sponsor is not bound by another sponsor's findings or decision to deny the application.

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- 1 (6) The superintendent of public instruction shall maintain copies 2 of all approved charter applications. An applicant may obtain copies 3 of those applications from the office of the superintendent of public 4 instruction.
- 5 <u>NEW SECTION.</u> **Sec. 8.** APPLICATION REQUIREMENTS. The charter 6 school application is a proposed contract and must include:

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- (1) The identification and description of the nonprofit corporation submitting the application, including the names and descriptions of the individuals who will operate the school;
- (2) The nonprofit corporation's proposed articles of incorporation, bylaws, and most recent financial statement and balance sheet;
- (3) A mission statement for the proposed school, consistent with the description of legislative intent in this chapter;
- (4) A description of the school's educational program, including curriculum and instructional strategies;
 - (5) A description of the school's admissions policy and marketing program, including deadlines for applications or admission;
 - (6) A description of student performance standards that must meet those determined under RCW 28A.655.060, and be measured according to the assessment system determined under RCW 28A.655.060;
 - (7) A description of the plan for evaluating student performance and the procedures for taking corrective action in the event that student performance at the charter school falls below standards established in its charter;
 - (8) A description of the financial plan for the school. The plan shall include: (a) A proposed five-year budget of projected revenues and expenditures; (b) a plan for starting the school; (c) a five-year facilities plan; (d) evidence supporting student enrollment projections of at least twenty students; and (e) a description of major contracts planned for equipment and services, leases, improvements, purchases of real property, and insurance;
- (9) A description of the proposed financial management procedures, including annual audits of the school's financial and administrative operations, which shall meet or exceed generally accepted standards of management and public accounting;
- 36 (10) An assessment of the school's potential legal liability and a 37 description of the types and limits of insurance coverage the nonprofit

corporation plans to obtain that are adequate. For purposes of this subsection, a liability policy of between one million and five million dollars is required;

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- (11) A description of the procedures to discipline and dismiss students; and
- (12) A description of procedures to assure the health and safety of students, employees, and guests of the school and to comply with applicable federal and state health and safety laws and regulations.
- 9 <u>NEW SECTION.</u> **Sec. 9.** APPROVAL CRITERIA. A sponsor may approve an application for a charter school, if in the sponsor's reasonable judgment, after exercising due diligence and good faith, the sponsor finds:
- 13 (1) The applicant is a public benefit nonprofit corporation and the 14 individuals it proposes to manage the school are qualified to operate 15 a charter school and implement the proposed educational program;
 - (2) The mission statement is consistent with the description of legislative intent and restrictions on charter school operations in this chapter;
- 19 (3) The school's proposed educational program is free from 20 religious or sectarian influence;
 - (4) The school's proposed educational program includes student academic performance standards that meet those determined under RCW 28A.655.060 and are measured according to the assessment system determined under RCW 28A.655.060;
 - (5) The application includes a viable plan for evaluating pupil performance and procedures for taking appropriate corrective action in the event that pupil performance at the charter school falls below standards established in its charter;
 - (6) The school's educational program, including curriculum and instructional strategies, has the potential to improve student performance as measured under section 5 of this act;
 - (7) The school's admissions policy and marketing program is consistent with state and federal law;
 - (8) The financial plan for the school is designed to reasonably support the charter school's educational program based on a review of the proposed five-year budget of projected revenues, expenditures, and facilities;

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- 1 (9) The school's financial and administrative operations, including 2 its annual audits, meet or exceed generally accepted standards of 3 accounting and management;
- 4 (10) The assessment of the school's potential legal liability, and 5 the types and limits of insurance coverage the school plans to obtain, 6 are adequate. For purposes of this subsection, a liability policy of 7 between one million and five million dollars is required;
 - (11) The procedures the school plans to follow for discipline and dismissal of students are reasonable and comply with federal law;

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- 10 (12) The procedures the school plans to follow to assure the health 11 and safety of students, employees, and guests of the school comply with 12 applicable state and federal health and safety laws and regulations; 13 and
- (13) The public benefit nonprofit corporation has been approved or conditionally approved by the internal revenue service for tax exempt status under section 501(c)(3) of the internal revenue code of 1986 (26 U.S.C. Sec. 501(c)(3)).
- NEW SECTION. Sec. 10. CHARTER AGREEMENT--AMENDMENT. (1) A charter application approved by a sponsor with any changes constitutes a charter.
- 21 (2) A charter may be amended during its term at the request of the 22 charter school board of directors and on the approval of the sponsor.
 - NEW SECTION. Sec. 11. CHARTER RENEWAL AND REVOCATION. (1) An approved plan to establish a charter school is effective for five years from the first day of operation. At the conclusion of the first three years of operation, the charter school may apply to the sponsor for renewal. A request for renewal must be submitted no later than six months before the expiration of the charter.
 - (2) A charter school renewal application must include:
 - (a) A report on the progress of the charter school in achieving the goals; student performance standards, including the student performance standards adopted by rule by the academic achievement and accountability commission in accordance with RCW 28A.655.030; and other terms of the charter; and
- 35 (b) A financial statement that discloses the costs of

- administration, instruction, and other expenditure objects and activities of the charter school.
 - (3) The sponsor may reject the application for renewal if any of the following occurred:

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- (a) The charter school materially violated its contract with the sponsor, as set forth in the charter;
- (b) The students enrolled in the charter school failed to meet student performance standards identified in the charter, including the student performance standards adopted by rule by the academic achievement and accountability commission in accordance with RCW 28A.655.030;
- 12 (c) The charter school failed to meet generally accepted standards 13 of fiscal management; or
- 14 (d) The charter school violated provisions in law that have not 15 been waived in accordance with this chapter.
 - (4) A sponsor shall give written notice of its intent not to renew the charter school's request for renewal to the charter school within three months of the request for renewal to allow the charter school an opportunity to correct identified deficiencies in its operation. At the request of the board of directors of the charter school, the sponsor shall review its decision for nonrenewal after the charter school has corrected any identified deficiencies.
 - (5) The sponsor may revoke a previously approved charter before the expiration of the term of the charter, and before application for renewal, for any of the reasons specified in subsection (3) of this section. Except in cases of emergency where the health and safety of children are at risk, a charter may not be revoked unless the sponsor first provides written notice of the specific violations alleged, a public hearing, and a reasonable opportunity for the charter school to correct the identified areas of concern. The sponsor of a charter school shall provide for an appeal process upon a determination by the sponsor that grounds exist to revoke a charter.
- 33 <u>NEW SECTION.</u> **Sec. 12.** FUNDING. (1) When the sponsor is a school district:
- 35 (a) For purposes of funding, students in charter schools shall be 36 considered students of the sponsoring district for general fund 37 apportionment purposes. Without violating section 13 of this act, the

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- sponsoring school district shall provide prompt and timely funding for charter schools on a per student basis in amounts the schools would have received if the students were enrolled in a noncharter public school in the district except that a charter school shall not generate eligibility for small school assistance. Funding for charter schools include regular apportionment, categorical, and nonbasic shall education funds, as appropriate and shall be based on enrollment and other financial information submitted by the charter school to the school district as is required to determine state apportionment amounts;
 - (b) Local levy moneys approved by the voters before the effective date of a charter between a school district and an applicant shall not be allocated to a charter school unless the sponsoring school district determines it has received sufficient authority from voters to allocate maintenance and operation excess tax levy money to the charter school. For levies approved after the effective date of a charter, charter schools shall be included in levy planning, budgets, and funding distribution in the same manner as other schools in the district only to the extent agreed to by the school district board of directors. In making the decision, the school district board of directors shall consult with the charter school board of directors; and
 - (c) A charter school is eligible for state matching funds for common school construction if a sponsoring school district determines it has received voter approval of local capital funds for the project.
 - (2) Public schools converting to charter schools shall receive funding in the same manner as other charter schools sponsored by school districts.
 - (3) If the sponsor is not a school district, students in the charter school shall still be considered students of the district in which the charter school is located for general fund apportionment purposes. Without violating section 13 of this act, the superintendent of public instruction shall provide prompt and timely funding for charter schools on a per student basis in amounts the schools would have received if the students were enrolled in a noncharter school in the district except that a charter school shall not generate eligibility for small school assistance. The funding shall include regular apportionment, categorical, and nonbasic education funds and shall be based on enrollment and other financial information submitted

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by the charter school to the school district or the superintendent of public instruction, as is required to determine state apportionment amounts.

(4) No local levy money may be allocated to a charter school if the charter school is sponsored by a sponsor that is not a school district.

NEW SECTION. Sec. 13. ADMINISTRATION FEE. To offset costs of oversight and administering the charter, a sponsor may retain up to three percent of state funding and local excess levy funding, if applicable, that is being driven to the charter school. Except for the administration fee in this section, no other offsets or deductions are allowed, whether for central administration or other off-site support services, from a charter school's per-pupil share of state appropriations, local levies, or other funds, unless the charter school has contracted with a school district to obtain specific additional services.

NEW SECTION. Sec. 14. LEAVES OF ABSENCE. If a school district employee makes a written request for an extended leave of absence to work at a charter school, the school district shall grant the request. The school district may require that the request for a leave be made up to ninety days before the employee would otherwise have to report for duty. The leave shall be granted for up to three years. If the employee returns to the school district within the three-year period, the employee shall be hired before the district hires anyone else with fewer years of service, with respect to any position for which the returning employee is certificated or otherwise qualified.

NEW SECTION. Sec. 15. STUDY OF CHARTER SCHOOLS. The Washington institute for public policy shall study the implementation and effectiveness of this act. The institute shall make recommendations to the legislature about the effectiveness of charter schools and the impact of charter schools. The institute shall also recommend changes to this chapter including improvements that could be made to the application and approval process. A preliminary report of the study is due to the legislature by March 1, 2006, and a final report is due September 1, 2007.

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NEW SECTION. Sec. 16. NUMBER OF CHARTER SCHOOLS. (1) Applications for charter schools may begin on the effective date of this section. The maximum number of charters that can be granted under this chapter is five in the first year commencing July 1, 2003, five in the second year, and fifteen in each of the next four years. These annual allocations shall be cumulative so that if the maximum is not reached in any given year the maximum shall be increased accordingly for the successive years.

- (2) For purposes of monitoring compliance with this section and providing information to new charter school applicants, the superintendent of public instruction shall maintain a running total of the projected and actual enrollment at charter schools and the number of charters granted.
- (3) For purposes of implementing this subsection, a sponsor shall notify the office of the superintendent of public instruction when it receives a charter school application, when it approves a charter school, and when a charter school is terminated.
- (4) The maximum number of charter schools allowed under this section does not include public schools converting to charter schools.

NEW SECTION. Sec. 17. A new section is added to chapter 41.56 RCW to read as follows:

This chapter applies to charter schools as defined in section 2 of this act and the charter school's employees included in the bargaining unit. The bargaining unit of employees of charter schools must be limited to the employees of the charter school and must be separate from other bargaining units in the school district or educational service district unless the charter school is a public school that has converted to a charter school. The employees of public schools that have converted to a charter school shall remain members of the bargaining units in the school district.

This section, designating charter schools as employers and charter schools as members under the teachers' retirement systems, the school employees' retirement systems, and the public employees' retirement systems, takes effect only if the department of retirement systems receives determinations from the internal revenue service and the United States department of labor that such participation does not

- 1 jeopardize the status of these retirement systems as governmental plans
- 2 under the federal employees' retirement income security act and the
- 3 internal revenue code.

4 <u>NEW SECTION.</u> **Sec. 18.** A new section is added to chapter 41.59 RCW 5 to read as follows:

This chapter applies to collective bargaining agreements between charter schools and the employees of charter schools included in the bargaining unit. The bargaining unit of employees of charter schools must be limited to the employees of the charter school and must be separate from other bargaining units in the school district or educational service district.

This section, designating charter schools as employers and charter schools as members under the teachers' retirement systems, the school employees' retirement systems, and the public employees' retirement systems, takes effect only if the department of retirement systems receives determinations from the internal revenue service and the United States department of labor that such participation does not jeopardize the status of these retirement systems as governmental plans under the federal employees' retirement income security act and the internal revenue code.

Sec. 19. RCW 41.59.080 and 1998 c 244 s 11 are each amended to 22 read as follows:

The commission, upon proper application for certification as an exclusive bargaining representative or upon petition for change of unit definition by the employer or any employee organization within the time limits specified in RCW 41.59.070(3), and after hearing upon reasonable notice, shall determine the unit appropriate for the purpose of collective bargaining. In determining, modifying or combining the bargaining unit, the commission shall consider the duties, skills, and working conditions of the educational employees; the history of collective bargaining; the extent of organization among the educational employees; and the desire of the educational employees; except that:

(1) A unit including nonsupervisory educational employees shall not be considered appropriate unless it includes all such nonsupervisory educational employees of the employer; and

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(2) A unit that includes only supervisors may be considered appropriate if a majority of the employees in such category indicate by vote that they desire to be included in such a unit; and

- (3) A unit that includes only principals and assistant principals may be considered appropriate if a majority of such employees indicate by vote that they desire to be included in such a unit; and
- (4) A unit that includes both principals and assistant principals and other supervisory employees may be considered appropriate if a majority of the employees in each category indicate by vote that they desire to be included in such a unit; and
- (5) A unit that includes supervisors and/or principals and assistant principals and nonsupervisory educational employees may be considered appropriate if a majority of the employees in each category indicate by vote that they desire to be included in such a unit; and
- (6) A unit that includes only employees in vocational-technical institutes or occupational skill centers may be considered to constitute an appropriate bargaining unit if the history of bargaining in any such school district so justifies; and
- (7) Notwithstanding the definition of collective bargaining, a unit that contains only supervisors and/or principals and assistant principals shall be limited in scope of bargaining to compensation, hours of work, and the number of days of work in the annual employment contracts; and
- (8) The bargaining unit of certificated employees of school districts, educational service districts, or institutions of higher education that are education providers under chapter 28A.193 RCW must be limited to the employees working as education providers to juveniles in each adult correctional facility maintained by the department of corrections and must be separate from other bargaining units in school districts, educational service districts, or institutions of higher education; and
- 32 (9) The bargaining unit for employees of charter schools as defined 33 in section 2 of this act must be limited to the employees of the 34 charter school and must be separate from other bargaining units in the 35 school district or educational service district.
- NEW SECTION. Sec. 20. CAPTIONS NOT LAW. Captions used in this chapter do not constitute any part of the law.

NEW SECTION. Sec.21. Sections 1 through 16 and 20 of this act constitute a new chapter in Title 28A RCW.

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<u>NEW SECTION.</u> **Sec. 22.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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